

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID

Contact Telephone Number:

UIL 4945.04-04

LEGEND

W= Name of Organization
X= Name of Grant Program
Y= Education institution

Dear

We have considered your request for advance approval of your grant-making program under section 4945 (g)(1) of the Internal Revenue Code, dated April 23, 2009, with a postmark date of April 24, 2009.

Our records indicate that W was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that W will operate a grant-making program, named the X, that will be awarding up to five scholarships annually to students who desire to obtain a M.D. – Ph.D. degree from the Y that trains physician-scientists who will be at the forefront of translational research that bridges the gap between laboratory research and bedside clinical practice. Amounts of the scholarships will vary. It will not be necessary for the scholarship recipients to reapply for the scholarships since the scholarships are awarded for the duration of each applicant's fellowship.

A recommendation committee has been selected that is composed of the Dean and Senior Associated Dean of Y. Stages of the applicant review include initial screening by the Office of Admissions of Y in conjunction with the M.D. – Ph.D. Program Steering committee. Following further review of the candidate's application, undergraduate record, and letters of recommendation, applicants selected by the Recommendation Committee are invited to campus to learn about the program, to meet with current faculty and students, and to be interviewed by faculty of both the medical and graduate colleges. Following these visits applicants are ranked based upon their application records and interviews and acceptability to both the Medical and Graduate Colleges. Letters of acceptance to Y are issued following final review by the Dean and Senior Associate Dean of Y. Once the Recommendation Committee completes the recommendation process, the

Recommendation Committee recommends to the Trustee which students should receive scholarships based upon rankings. The Trustee then selects the scholarship recipients.

No scholarships may be awarded to any individual who is related by blood, adoption or marriage to any member of the Recommendation Committee or any disqualified person of W as a first cousin or nearer relative. Also, the Trustee may not benefit, directly or indirectly, from selecting certain scholarship recipients over other potential scholarship recipients.

The Trustee pays the scholarship proceeds directly to the University in addition to providing a letter to the University specifying that the University's acceptance of the scholarship proceeds constitutes the University's agreement to (i) refund any unearned portion of a scholarship if, subsequent to the payment of a scholarship, a scholarship recipient fails to meet any term or condition of the Scholarship Program; and (ii) notify the Trustee if a scholarship recipient fails to meet any term or condition of the Scholarship Program.

The Foundation agrees that it will maintain records that include:

- the information used to evaluate the qualifications of potential grantees, including any recommendations;
- the identification of the grantees, including the determination as to whether a potential grantee has any relationship to the private foundation or is a disqualified person (although a disqualified individual would not be eligible);
- the amount and purpose of each grant, and all requirements imposed on the grantee with respect thereto;
- all grantee reports and other follow-up data obtained in administering the Foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or

- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that, effective April 24, 2009, your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures as of April 24, 2009, are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein, effective April 24, 2009, constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements